



ADUR & WORTHING  
COUNCILS

Executive Members for  
Customer Services  
24 January 2019

Key Decision [Yes/No]

Ward(s) Affected:

## **Award of Contract for the Conversion of 101 North Road, Lancing**

### **Report by the Director for Communities**

#### **Executive Summary**

##### **1. Purpose**

1.1 To provide information regarding the background and tender process for the conversion of former office space at 101 North Road Lancing, owned by the Housing Revenue Account into two residential units. These units will add to the wider Adur Homes stock and provide new homes for those on the Adur Housing register.

1.2 To authorise the award of the contract for this renovation to Caldwood Ltd.

##### **2. Recommendations**

2.1 The Executive Members are recommended to:

- i) Authorise the award of the contract for the conversion of 101 North Rd Lancing to Caldwood Ltd into 2 units; and
- ii) approve a virement of £45,000 from the purchase of properties budget to the budget for the conversion of 101 North Street

### **3. Context**

#### **3.1 Background and proposals**

This building is owned by the Council and is arranged as flats over two storeys with the ground floor having most recently been used as an office for some of the housing team. The team have moved office base to Portland House in order to bring more of our housing services together and to free this space in order to convert it to new rented accommodation.

3.2 The Council commissioned architects Crowther Associates to produce a high level feasibility study to identify options available for the site and three possibilities were considered

- i) to convert the ground floor to two flats,
- ii) add one or two further storeys to the existing structure to create additional flats and
- iii) add residential accommodation to the car park at the rear.

3.3 The proposal adopted at JSC in July 2018 was to move forward to convert the ground floor into residential accommodation as soon as possible and to consider any further phases in due course as part of a wider development options appraisal.

3.4 Since July 2018, these plans have been further refined and planning permission has been granted.

#### **4. Issues for consideration**

4.1 In October 2018 a procurement process for the renovation of 151 North Rd, Lancing, was commenced by the outsourced project management team working with the Council. Four tenders were received.

4.2 A full evaluation of these tenders was completed which included an evaluation of all aspects:

- Overall contract value
- Cost per meter squared
- Length of time on site
- Costs of removal and disposal of contaminated matter

- A review of any outstanding legal and other matters of risk e.g County Court Judgments which may impact on ability or reputational matters
  - An assessment of the overall understanding of the project and the needs of the client
- 4.3 A full report detailing the tender, bids and evaluation has been prepared by the project management team and has reviewed by officers to support this recommendation to award the contract for the conversion of 101 North Rd, Lancing to Caldwood Ltd.

## 5. Engagement and Communication

- 5.1 The oversight of this project is being provided by the Director for Communities and a project team which includes the Head of Finance and representatives from legal and procurement teams. The details of the specification for this renovation were agreed with the development lead and the former Head of Housing and planning consent has been gained for this work.

## 6. Financial Implications

- 6.1 In July 2018 the following detail was provided to members of the Joint Strategic Committee

|                                 | £'000 |
|---------------------------------|-------|
| Initial scheme estimate         | 160   |
| <b>Funded by:</b>               |       |
| Set aside Right to Buy receipts | 48    |
| Use of new development reserve  | 112   |

The value of the contract to be awarded is marginally greater than the original estimate for the scheme.

- 6.2 The current full scheme estimate is:

|                   | £'000 |
|-------------------|-------|
| Conversion costs  | 170   |
| Professional fees | 35    |
| Total scheme cost | 205   |

To fund the additional cost associated with the scheme, the Executive Member is asked to approve a budget virement of £45,000 from the purchase of properties budget which is currently unspent.

- 6.3 The business case for the conversion of the property into two flats is still valid with the higher scheme cost.

|                      | £            |
|----------------------|--------------|
| Annual rental income | 9,440        |
| Less:                |              |
| Maintenance          | -3,000       |
| Debt charges         | -1,740       |
| Net annual income    | <u>4,700</u> |

## 7. Legal Implications

7.1 Section 1 Local Government (Contracts) Act 1997 confers the power on a Local Authority to enter into a contract with another person for the provision of services in connection with the discharge of their services. Further section 1 Localism Act 2011 provides the Council with the power to do anything that an individual may do, unless already prohibited by legislation, which enables the Council to enter into contracts with others.

7.2 Article 12 of the Council's constitutions define key decisions which include the letting of contracts in excess of £100,000. The award of this contract is a key decision due to its value. The Local Authorities (Executive Arrangements) Regulations 2012 section 9 provide that 28 days notice should be provided of a key decision but the Council has applied an exception in this case in accordance with paragraph 14 of the Access to Information Rules as it is not practicable to give such notice.

**Background Papers**

- Adur and Worthing Housing Strategy 2017-2020 - Housing Matters
- JSC December 2018 - Housing Development Programme
- JSC July 2018 - Delivery of new homes through the Housing Revenue Account

**Officer Contact Details:-**

Mary D'Arcy

Director for Communities

Mary.D'Arcy@adur-worthing.gov.uk

## **Sustainability & Risk Assessment**

### **1. Economic**

- The development of new affordable residential accommodation for the residents of Adur provides additional value to the economic viability of our places.

### **2. Social**

#### **2.1 Social Value**

- The increase in affordable rented accommodation for those currently on the Adur District Housing register is clearly of value to those residents in need of this type of accommodation.

#### **2.2 Equality Issues**

- Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

- Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

- Matter considered and no issues identified.

### **3. Environmental**

- Matter considered no issues identified

### **4. Governance**

Ongoing review of the project via the internal officer group and management of future tenancies as per the Adur Homes operational workload.